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CENTRAL INTELLIGENCE AGENCY

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INTELLIGENCE MEMORANDUM NO. 192

1 August 1949

SUBJECT: CIA Comment on Selected Questions on Presentation  
by JIC on Phase I of JIC 435/21, dated 16 May 1949.

1. Page 1. Question 10.

Question - It is stated the industrial potential of the Soviets for 1952 would still be markedly inferior to that of the US. Do they need as much industrial potential, especially in view of the fact a much larger portion of the industrial effort would be directed to the Russian Armed Forces and not to the people?

Comment - It is true that the Soviet industrial potential for 1952, in terms of total capacity, total production and productivity, would still be markedly inferior to that of the United States. However, the Soviet leaders through the State Planning Commission have established the development of military potential as the primary task of the economy. The formidable strength of the USSR today and in the near future rests not so much on its productivity as on its success in directing this productivity toward enhancing its military potential. Direct military production, preparation of other segments of the economy for immediate conversion to wartime production, development of relatively self-sufficient and strategically located industrial areas, and stockpiling represent a considerably higher percentage of the overall economic effort than they do in the United States. In addition, capital goods production receives relatively much greater emphasis as opposed to consumers' goods than it does in the United States.

Direct government control over all phases of the economy (the utilization of raw materials, machinery and equipment, transportation and finished products as well as indisputable control over the tremendous manpower of the USSR), provides a large measure of flexibility in the effective accomplishment of a limited number of high priority plans.

It is this special emphasis on military preparedness at the immediate expense of the civilian consumer that is the basis of Soviet strength as it is derived from the economy. Control of the satellite economies is also being employed with this objective in view.

Note: This memorandum has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force.

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It is concluded that a comparison of industrial potential alone, without a study of above considerations, is unrealistic in estimating the capability of the Soviet economy to support a war.

2. Page 1. Question 12

Question - What are estimates of Soviet logistic capabilities in the fields of production; transportation by rail, truck, air and sea; fuel production either synthetic or natural; productive capacity of Eastern Germany, Poland and Manchuria; and their ability to rehabilitate damaged structures?

Comment - That portion of this question ending with the word "natural" in the third line will be answered in IM-181 to appear about 1 September. It is believed that the remainder of this question is answered in ORS 58-48, published 30 July 1948.

3. Page 2. Question 1

Question - The Soviets will devote relatively greater proportion of economic effort to war production than United States. What is the comparison between the USSR and US of actual economic effort devoted to war production?

Comment - Reference is made to IM-143 of 31 March 1949 which, it is believed, presents an adequate reply to this question.

4. Page 2. Question 13

Question - They state the Russian people dread war but could be driven to it by the absolute power of the Totalitarian State, and would actually act without enthusiasm. If propaganda and lack of knowledge has been instilled in the Russian's mind would he not react with enthusiasm?

Comment - No amount of propaganda or lack of knowledge can erase from the minds of the Russian people the sacrifices which they experienced in the last war. They will, therefore, react unenthusiastically toward the outbreak of another war. This does not mean that they will not support their country's war effort, as they almost certainly will do at least in the early stages of the war. The degree of enthusiasm as the war progresses will depend in large measure upon variable factors such as the manner in which the war is waged on both sides and the Russian people's concept of the aims of the war.

5. Page 4. Question 7.

Question - Has the Soviets capability for air bombardment using ....  
RW? What is it? What is its effect likely to be on Europe, UK,  
Far East, US?

Comment - CIA is not in a position to comment on (a) the capabilities of the Soviet Union in respect to aircraft or other means designed to deliver RW, or (b) the effect of RW bombardment on Europe, the Far East, the UK or the US from the point of view of intelligence. Information concerning Item (b) may be obtained from the Armed Forces Special Weapons Project.

With respect to the capabilities of the Soviet Union to produce RW agents, the following statement has been prepared and coordinated informally with the Joint Nuclear Energy Intelligence Committee:

The high-power nuclear reactor or "production pile" is a prerequisite for the production of radiological warfare agents. There is a very definite possibility that the USSR now has one or more experimental piles in operation. It is believed that work on design and construction of one or more production piles, possibly of the Hanford type, is likewise in progress. It is impossible to predict accurately the future success of the Soviet program either industrially or technically, but it is believed that there will be at their disposal no significant amount of fission products or other radiological warfare agents before mid-1950, and a later date is more probable. It must be emphasized that the production of radiological warfare agents, except fission products, is in competition with plutonium production for bombs. The estimated supplies of uranium available to the USSR should permit the continuous operation of at least three Hanford-type piles for several years, if no other process is being employed in competition.

6. Page 8. Question 1.

Question - If Spain declares neutrality in case of Soviet attack, will the USSR respect their stand?

Comment - Soviet reaction to Spanish neutrality in the event of a third world war would be determined by military expediency. The question of

Soviet invasion of Spain would depend on the course of the war. While Spain might succeed in maintaining neutrality at first, it is unlikely that she could do so for long should the USSR gain control of France and the Low Countries. In that event, the only bases left to the Western Powers on the European continent would probably be in Portugal. The USSR would be expected to invade the Iberian Peninsula in order to deprive the Western Powers of Portuguese bases, to forestall the possibility that the West might arrange for bases in Spain, and to deny the Western Powers access to the Mediterranean via the Straits of Gibraltar.

From the political point of view, the Kremlin would undoubtedly take extreme satisfaction in the invasion of Spain, where its efforts during the Spanish Civil War met defeat. Soviet propaganda would loudly proclaim that the troops of the Soviet Union had come to liberate the Spanish people from the yoke of the Fascist dictator Franco.

7. Page 8. Question 7.

Question - In JIC 435/21, page 34, the following statement is made: "A study of the subject of naval logistics indicates only one weak spot - limited tanker capacity. Existing capacity serves adequately for normal operations, but for expanded operations it is calculated to be only barely adequate, so that any casualties would require immediate replacement in order to avoid operational restrictions. Commercial tanker capacity also is small and little more than adequate for normal requirements. Definite information is lacking as to Soviet intentions, but it is evident that unless additional tankers are built the Soviet Navy will be unable to operate in strength beyond reach of its home bases. In other respects, there is no evidence to suggest any particular logistical weakness." With respect to the foregoing statement, the Air Force has raised the following question: "The statement was made that tanker capacity would under operational conditions be only barely adequate. How will this affect the threat to water-borne supply of overseas areas?"

Comment - At the outset, it should be pointed out that it is unrealistic to consider merchant tanker operations apart from naval tanker operations, since in the event of war both fleets would undoubtedly be combined. At present, the USSR and its satellites control about 225,000 gross tons of merchant and naval tanker tonnage. CIA believes that this tonnage is at best barely adequate to meet the normal peacetime requirements of the Soviet-satellite military and civilian establishments. The USSR has virtually no reserve capacity for the movement of petroleum products (POL) and this deficiency has, in the past, impeded economic development and military planning in certain areas, particularly the Far East. (The return to the US of 63,000 gross tons of Lend-Lease tankers in the spring of 1948 drastically reduced the USSR potential for bulk water transport of oil products.)

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CIA is in general agreement with the statement in JIC 435/21 that limited tanker capacity will be a serious logistical weakness in the event of war, provided it is assumed that the tanker fleets of the UK and Western Europe would be denied to the Soviet Union. If the Soviet Union were forced to rely solely upon the tanker tonnage now under its control and the relatively small amount of tonnage which can be added by 1952 through domestic construction or purchase abroad, there is little doubt that its tanker fleet would be only barely adequate for the transport of POL products at the present level of consumption. Moreover, any increase in POL demands or any reduction in tanker tonnage would result in transport requirements which would be entirely beyond the capabilities of the Soviet tanker fleet.

If it is assumed, on the other hand, that the USSR will acquire a portion of the approximately eight million gross tons of merchant tanker tonnage owned by the UK and Western Europe, the position of the USSR would be substantially improved. (Control of only ten percent of the UK and Western European merchant tanker fleet, for example, would increase the total Soviet and satellite POL transport potential by over 350 percent. To cite another example, the total Soviet-controlled tonnage would be increased more than eight times its present level if the merchant tanker fleet of Norway alone fell to the USSR.) In that event, the USSR would probably be able to accommodate the water-borne supply by tanker of overseas areas despite a high degree of attrition.

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